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Question No. 1

QUESTION: Why are you adopting the Foreign Service Retirement system rather than developing one of your own?

ANSWER: The Foreign Service system is a proven system that seems adaptable to our needs. We are comparable in many respects. By adoption we can keep pace with the Foreign Service in the future if their Act is amended.

Also, by utilizing an existing system, we avoid creating an additional system to add to the several already in effect in the Federal service.

Question No. 2

QUESTION: Will you please amplify on your need for this program now, 15 years after the creation of your Agency?

ANSWER: We are just beginning to encounter problems in staffing our overseas operational positions as a result of growing numbers of personnel being restricted in mobility and assignability as a result of physical impediments, age, family problems, and occupational limitations. We therefore aim to use the proposed program as another means to balance the composition of our operational corps so that we can staff effectively our overseas positions.

S-E-C-R-E-T

Question No. 3

QUESTION: You have made quite a case for a retirement program for your overseas people and you present it with a note of urgency. Your Agency has been in existence 15 years, however, and I wonder why wasn't this problem presented to the Congress earlier?

ANSWER: This proposal results from manpower studies we have been making over the past few years which have convinced us that we face serious problems of manpower imbalance in future years unless we plan now a program of managed attrition. We have recently conducted an exercise to separate some 150 surplus personnel and this exercise has proven the need for a better retirement program comparable in annuity benefits with that of the Department of State or the military services to make such a program morally and psychologically acceptable.

Question No. 4

QUESTION: What is the basic reason you want this legislation?

ANSWER: Basically, so that we can offer a more attractive and equitable career package to employees engaged in intelligence operations and can manage our attrition more effectively than is possible today. This will also aid us in reducing attrition among those we do not want to lose. It will, finally, permit us to increase our promotion rates where they should be increased by providing adequate headroom.

S-E-C-R-E-T

Question No. 5

QUESTION: The Foreign Service Retirement and Disability System is applicable to members of the Foreign Service Officer Corps, and to those Foreign Service Staff officers and employees who have 10 or more years of service. This is well defined. How do you plan to define the extent to which you will apply this system within your Agency?

ANSWER: We realize this gives us a more difficult administrative problem than the Foreign Service has. However, the Director will promulgate clear and precise regulations on this matter. Our entire effort will be directed toward identifying the hard corps of personnel whose careers are in fact concerned with foreign intelligence operations.

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Question No. 6

QUESTION: Do you anticipate a morale problem within your Agency due to the fact that you will apply this program to some persons and not to others?

ANSWER: No. The lines of applicability are rather clearly drawn on a logical basis, and we anticipate complete success in establishing criteria and procedures to identify those eligible.

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Question No. 7

QUESTION: How will we equate CIA GS-salary schedule to Foreign Service for payment of separation benefits?

ANSWER: Details of administration not worked out. Probably will equate the dollar salaries at median of each grade range.

S-E-C-R-E-T

Question No. 8

QUESTION: Since the annuity for those retiring between the ages of 50 and 55 is rather low, even under the Foreign Service system, considering the expenses of the average person at that age, how do you foresee that this will materially relieve your problem?

ANSWER: First of all, the Foreign Service annuity is considerably better than civil service. In addition, the reemployment features of the Foreign Service system are better in that an annuitant who is reemployed elsewhere in the federal service may retain that portion of his annuity which, together with his new salary, does not exceed the amount of his salary rate at the time of retirement. Lastly, we do not anticipate that many people will cease to be gainfully employed after retirement at ages of 50 to 60. We do feel that they must initially have the financial security of a reasonable annuity and we anticipate that subsequent employment will necessarily and most likely be at lesser salary levels.

Question No. 9

QUESTION: Why is the Agency willing to accept a reduction in maximum annuity from 80% to 70% for employees who are placed under the proposed new system?

ANSWER: Very few, if any, will ever achieve over 35 years of service. The loss of benefit is negligible or non-existent relative to more important benefits of the Foreign Service retirement system for the group of employees to be covered.

S-E-C-R-E-T

Question No. 10

QUESTION: Will you amplify on the nature of the obligation of your careerists for service at the Agency's discretion?

ANSWER: Each Agency employee is, for purposes of career management and development, a member of a "career service" which represents a broad area of vocational specialization. Those career services which embrace overseas activities have service obligations (including the obligation to serve anywhere in the world and at Agency direction) to which each member thereof is subject. Refusal to so serve without reasonable and acceptable justification is and has been grounds for dismissal.

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Question No. 11

QUESTION: Could you comment further on your statement that you require people who are highly motivated with unique and specialized abilities?

ANSWER: We need people who are patriotic and who have a real interest in international affairs. They must have a sufficiently strong desire to serve their country to be willing to work under the conditions that I have described; they must be willing to live in anonymity and relative obscurity and to forego the public recognition that accompanies success in many other fields of work; and they must be willing to accept a lower ceiling on their economic career expectations than in non-governmental fields.

Concerning the point on unique and specialized abilities, I might point out that the tradecraft of intelligence operations is not taught in our universities nor can it be acquired in civilian commercial enterprise.

S-E-C-R-E-T

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Question No. 12

QUESTION: You are seeking early retirement and you have considerable justification to back up your request; however, you have said nothing regarding a program comparable to the Foreign Service's selection out program. What is your plan?

ANSWER: We clearly anticipate the need for a managed attrition program. We have not yet developed the details of such a program.

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Question No. 13

QUESTION: Will this result in a reduction of ceiling directly proportionate to the number separated?

ANSWER: No! This is not a cut-back. We need additional young people and have already planned an increased staffing in the entrance age categories.

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S-E-C-R-E-T

Question No. 15

QUESTION: You have made an interesting statement about the reluctance of other employers to hire "former spies." Could you give us some examples?

ANSWER: The U.S. Government provides one of the best examples in the Peace Corps. They are most anxious that there be no occasion for the impression that the Peace Corps might conceivably be used as cover for an intelligence agent.

Commercial enterprises with overseas offices and installations are another example. These companies need good relations with the local governments, obviously, and cannot run the risk of having their activities discredited by suspicion that they are being used as cover for espionage.

S-E-C-R-E-T

Question No. 16

QUESTION: You have indicated that there were several areas in which your personnel program was deficient and that you are working on them. You have mentioned specifically the matters of retirement and supergrades. What are some of the other areas involved and what are you doing about them?

ANSWER: One of the improvements which we have already accomplished is on our efficiency reports. We felt that they were not as useful as they might be and have just adopted a new system of reporting and for evaluating the reports. At the same time, we are taking various steps to impress on supervisors the need to be both frank and accurate in these reports.

The matter of pay for scientific and technical personnel is another area of concern. I believe that we are one of only a few agencies which does not now have a special pay system for these people. We are working on this now but our plan is not specific enough to describe in detail as yet.

Also, we have appointed a task force to look at our personnel program and they are coming up with some recommendations for action. By and large, I think the areas in which we want to work are in improving supervisory practices, in developing a better career planning system, and in enlarging our personnel services and recognition programs.

Question No. 17

QUESTION: You have explained to us why it is necessary for you to have a program of managed attrition and how you propose to use early retirement as one of your mechanisms for handling your manpower problems. Can you tell us about some of the other steps you have taken or contemplate?

ANSWER: The exercise which I mentioned regarding the separation of surplus personnel is one example. It was in large part as a result of the impact of this action in a number of individual cases that I was convinced that we should seek prompt action to provide better for the people who must be separated before they have worked a full career span.

Also, for the past few years, we have followed the practice of encouraging our people to retire as soon as they are eligible to do so. Generally this means that they retire when they reach age 60 if they have 30 years of service or at age 62 if they have 5 years of service. We moved into this program somewhat slowly so that the people affected could make or adjust their personal retirement plans to it. We are now set up so that we can let people know several years in advance when they will be eligible for retirement and can work and counsel with them in planning for it.

S-E-C-R-E-T

Question No. 18

QUESTION: You mentioned that personnel now being separated as surplus receive some form of separation compensation from CIA. Can you tell us more about this: who gets it, how much, etc.?

ANSWER: Employees who are involuntarily separated from the Agency under our procedures for releasing surplus personnel may receive separation compensation if:

1. They are 30 years or older in age; AND
2. They have worked for CIA at least 5 years; AND
3. Their service for the past 5 years has been such as to place them at a disadvantage in seeking other employment. This is determined on the basis of whether their work was of such a nature as to:
 - a. Require the acquisition and application of skills for which requirements in other Government or commercial fields of employment are either rare or non-existent; OR
 - b. Effectively prevent them from studying, practicing, or otherwise developing or retaining proficiency in an established occupation or profession; OR
 - c. Prevent the individual, for reasons of operational cover or security, from describing or confirming to a prospective employer the scope and level of his duties and responsibilities.

The formula for computing the maximum amount of separation compensation an employee may receive is one month's salary for each year of service but not to exceed 12 months' salary. Also, if his salary has been over the top of a GS-14, the GS-14 rate is used in his computation. The actual payment is made on something of a need basis and may be much less than the maximum.

(continued)

Question No. 18 (continued)

That is, the employee receives an initial payment of 4 months' salary at the time of separation. After 4 months have elapsed, he may then receive additional increments every 2 months to the extent that his earned income (including unemployment compensation) is less than $2/3$ of his former salary. All payments cease when his maximum allowance is exhausted or at the end of 18 months.

Separation compensation has been initially authorized in the case of some 136 people. There has not been time since we began this program to have much experience on the claims for these payments but we estimate that the initial payments for this number could amount to \$408,000, and we estimate that subsequent payments might be \$450,000.

S-E-C-R-E-T

Question No. 19

QUESTION: You mentioned that in addition to covering your overseas people under this system you would cover those whose employment with CIA placed them at a disadvantage in looking for other jobs. Can you elaborate on this?

ANSWER: There are three basic situations involved:

First, the nature of the man's work with CIA may have required him to obtain and apply skills that simply are not needed to any degree, if at all, elsewhere. For instance, there are not many other places of employment in this country for a [REDACTED] 25X1X4

Second, the situation is aggravated when such required concentration on esoteric skills has actually diverted the individual from studying, practicing, or otherwise developing or retaining proficiency in an established occupation or profession.

Finally, some of these people simply cannot be permitted to tell a prospective employer what they have been doing in sufficient detail to demonstrate their qualifications.

S-E-C-R-E-T

Question No. 20

QUESTION: Will you explain in greater detail your estimate that the proposed Foreign Service type retirement program for some 30% of your employees will ultimately cost [REDACTED] per year? 25X1A1a

ANSWER: The full costs of a retirement system can only be determined by detailed analysis of each of its authorized benefits with full regard to ever-changing actuarial data, experience data, and basic economic policy determinations.

For our estimate, we relied upon the official Government actuarial reports on the civil service retirement fund (41st Annual Report of the Board of Actuaries of the Civil Service Retirement System, House Document #445, 87th Congress, 2nd session) and the most recent comparable report of the U. S. Treasury on the Foreign Service Retirement Fund.

Both of these reports reflect the cost of the normal benefits of their respective programs in terms of percentage of current payroll of all participants in the program. The difference between these two cost percentages is taken to represent the cost in terms of percentage of payroll of the greater benefits of the Foreign Service Retirement program. The percentage difference amounts to 9.86% (10.69% less .83%). When we apply this percentage to the estimated annual payroll of the [REDACTED] employees considered eligible, we derive an annual increased cost of [REDACTED] 25X1A1a